

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF COMMUNITY AFFAIRS**

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**CDBG/HOME**

**Community Development Block Grant Program
Home Investment Partnerships Program**

MANAGEMENT MEMORANDUM

Memorandum Number 02-07

TO: All CDBG Eligible Jurisdictions and CDBG Interested Parties

DATE: April , 2002

SUBJECT: Senate Bill SB 975 - Milestones

Senate Bill 975 (Chapter 938) which became effective on January 1, 2002 is impacting the administration and implementation of the Department's Community Development Block Grant program (CDBG) and the HOME Investment Partnerships Program (HOME). The legislation invokes state prevailing wage requirements on CDBG and HOME housing programs and projects.

In light of the effect of the new state prevailing wage laws, the CDBG program will be showing forbearance when scoring performance in the upcoming 2002/03 General/Native American funding round. Applicants that were in compliance with expenditure milestones as of December 31, 2001, will not lose points in the rating and ranking process.

Similarly, the HOME Program will also show forbearance to contractors with open HOME contracts that are in compliance as of December 31, 2001. HOME contractors that miss program expenditure milestones during the first six months of 2002 will not lose performance points the next time they apply for HOME funding. Bear in mind, however, that the HOME Program will not permit funds to be expended after any final expenditure milestone.

However, CDBG and HOME contractors must continue operating their programs or projects under the current requirements of SB 975. CDBG and HOME contractors must not delay requesting wage determinations from the Department of Industrial Relations in anticipation of legislation that has not yet passed by the Legislature and signed into law by the Governor.

If you have questions about using either your CDBG or HOME funds for housing projects that might require the payment of state prevailing wages, please contact your CDBG or HOME representative. If you have questions about the new law, please contact the State Department of Industrial Relations for further guidance.